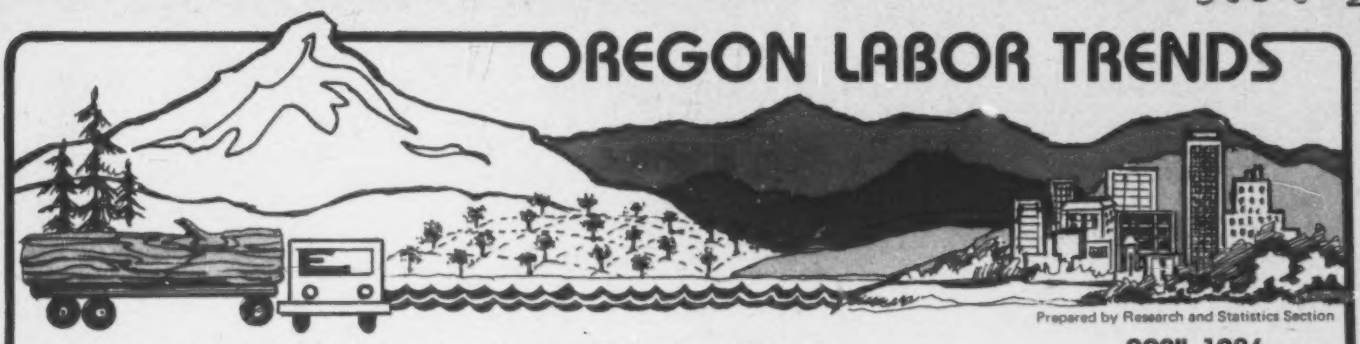
S6615-2

# OREGON LABOR TRENDS



Prepared by Research and Statistics Section

STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES

APRIL 1986

## MARCH INDICATORS

**UNEMPLOYMENT RATE**

*Oregon* (Seas. Adj.)

| | | |
|---|---|---|
| Mar. | 1986 | 9.1 |
| Feb. | 1986 | 8.7 |
| Mar. | 1985 | 10.4 |

*U.S.*

| | | |
|---|---|---|
| Mar. | 1986 | 7.2 |
| Feb. | 1986 | 7.3 |
| Mar. | 1985 | 7.3 |

**WAGE AND SALARY EMPLOYMENT INDEX**

*Oregon* 1977=100

| | | |
|---|---|---|
| Mar. | 1986 | 111.4 |
| Feb. | 1986 | 111.7 |
| Jan. | 1986 | 111.6 |
| Dec. | 1985 | 111.2 |
| Nov. | 1985 | 111.0 |

**DIFFUSION INDEX**

*Oregon*

| | | |
|---|---|---|
| Mar. | 1986 | 48.4 |
| Feb. | 1986 | 52.3 |
| Jan. | 1986 | 49.6 |
| Dec. | 1985 | 55.8 |
| Nov. | 1985 | 52.3 |

**PRODUCTION WORKER AVERAGE WEEKLY HOURS**

*Oregon*

| | | |
|---|---|---|
| Feb. | 1986 | 38.6 |
| Jan. | 1986 | 39.1 |
| Feb. | 1985 | 38.3 |

**CONSUMER PRICE INDEX (CPI)**

1967=100

ALL URBAN CONSUMERS

*Portland MSA*

| | | |
|---|---|---|
| Jan. | 1986 | 321.3 |
| Yearly Change | | + 4.7% |

*U.S.*

| | | |
|---|---|---|
| Mar. | 1986 | 315.0 |
| Yearly Change | | + 1.9% |

Portland Hotline 221-4132

## STRONG MIXED SIGNALS

*Frank Ryals*

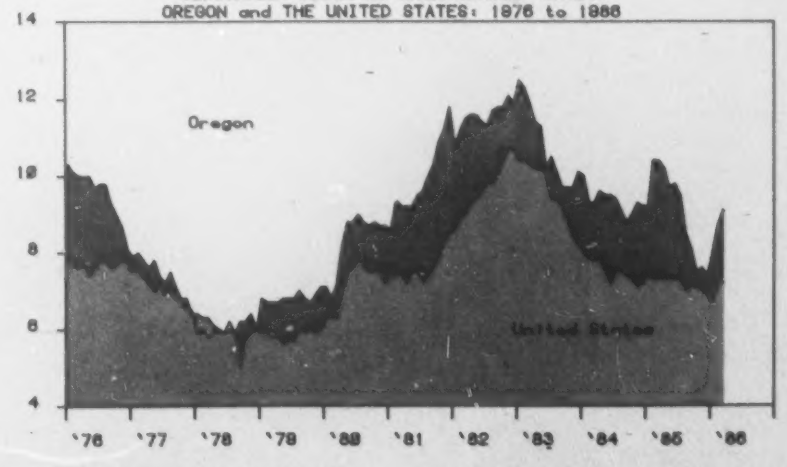
It is for times like these that Oregon Labor Trends exists. March 1986 brings Oregonians good news about falling interest rates, lower oil prices, increased lumber orders and prices and a sense of optimism. Then why does March 1986 also bring us the sharpest declines in our economic indicators in over a year? Is Oregon ignoring national trends again? Have we reached an economic turning point?

Current economic indicators are sending us strong but contradictory messages as to what lies ahead for Oregonians. It could be valid to conclude that there is no trend, but what is more likely is a combination of two trends. First, we are seeing Oregon's sluggish and inconsistent economic recovery beginning to weaken. Second, some of the nation's leading indicators, including interest rates and oil prices, are signalling an upturn in the business cycle.

Oregon has an interest rate-sensitive economy, and lower oil prices benefit almost everyone. Therefore, we are probably headed for an upswing in the business cycle. However, these benefits have not yet shown up in our monthly employment statistics. How do we reconcile a slumping economy with what looks like good times ahead? A quick review of recent history will help to explain the apparent inconsistencies in March's indicators.

As 1985 ended, Oregon's indicators told one story--that the state's economic recovery was beginning to pick up steam. Now, a different picture is emerging. In the face of the lowest interest rates and oil prices in at least six years, and several

SEASONALLY ADJUSTED UNEMPLOYMENT RATES*
OREGON and THE UNITED STATES: 1976 to 1986




* Civilian labor force only

## CPI DATA CORRECTION

The Consumer Price Index data on page 1 of the April 1986 issue of Oregon Labor Trends is in error. The correct CPI-U data for March 1986 is:

CONSUMER PRICE INDEX (CPI)
1967=100
ALL URBAN CONSUMERS
  Portland MSA
    Mar. 1986 315.0
    Yearly Change + 1.9%
  U.S.
    Mar. 1986 326.0
    Yearly Change + 2.3%
Portland Hotline 221-4132

## RESIDENT OREGON LABOR FORCE

| | MAR. 1986 1/ | FEB. 1986 2/ | CHANGE | % CHANGE | MAR. 1985 5/ |
|---|---|---|---|---|---|
| CIVILIAN LABOR FORCE 3/ | 1,326,300 | 1,328,500 | - 2,200 | - 0.2 | 1,321,800 |
| UNEMPLOYMENT | 129,700 | 129,200 | 500 | 0.4 | 146,900 |
| PERCENT OF LABOR FORCE | 9.8 | 9.7 | XXX | XXX | 11.1 |
| SEASONALLY ADJUSTED PERCENT | 9.1 | 8.7 | XXX | XXX | 10.4 |
| TOTAL EMPLOYMENT 4/ | 1,196,600 | 1,199,300 | - 2,700 | - 0.2 | 1,174,900 |

1/ PRELIMINARY. 2/ REVISED. 3/ INCLUDES EMPLOYED AND UNEMPLOYED INDIVIDUALS 16 YEARS AND OLDER. DATA ARE ADJUSTED FOR MULTIPLE JOB-HOLDING AND COMMUTING. 4/ INCLUDES NONAGRICULTURAL WAGE AND SALARY, SELF-EMPLOYED, UNPAID FAMILY WORKERS, DOMESTICS, FARM WORKERS, AND LABOR DISPUTANTS. 5/ DUE TO REVISED ESTIMATING PROCEDURES BETWEEN DECEMBER 1984 AND JANUARY 1985, DATA FOR 1985 AND THAT OF PREVIOUS YEARS ARE NOT STRICTLY COMPARABLE.

## NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
## (BY PLACE OF WORK)

| INDUSTRY | MAR. 1986 1/ | FEB. 1986 2/ | MAR. 1985 | CHANGE FROM FEB. 1986 | CHANGE FROM MAR. 1985 |
|---|---|---|---|---|---|
| TOTAL 3/ | 1,029,100 | 1,024,400 | 1,008,300 | 4,700 | 20,800 |
| WAGE & SALARY EMPLOYMENT INDEX 4/ | 111.4 | 111.7 | 109.2 | XXX | XXX |
| DIFFUSION INDEX 5/ | 48.4 | 52.3 | 48.8 | XXX | XXX |
| TOTAL MANUFACTURING | 193,300 | 193,000 | 192,900 | 300 | 400 |
| DURABLE GOODS | 142,900 | 142,900 | 142,100 | 0 | 800 |
| LUMBER & WOOD PRODUCTS | 62,300 | 61,800 | 60,900 | 500 | 1,400 |
| LOGGING & SAWMILLS | 32,400 | 31,800 | 30,800 | 600 | 1,600 |
| VENEER & PLYWOOD | 16,300 | 16,200 | 16,500 | 100 | - 200 |
| MILLWORK & STRUCTURAL WOOD | 8,600 | 8,700 | 8,300 | - 100 | 300 |
| MOBILE HOMES | 1,500 | 1,500 | 1,500 | 0 | 0 |
| OTHER WOOD PRODUCTS | 3,500 | 3,600 | 3,800 | - 100 | - 300 |
| FURNITURE AND FIXTURES | 2,800 | 2,800 | 2,600 | 0 | 200 |
| STONE, CLAY, GLASS & CONCRETE | 2,700 | 2,600 | 2,900 | 100 | - 200 |
| PRIMARY METALS | 8,600 | 8,600 | 8,900 | 0 | - 300 |
| BLAST FURNACES, IRON & STEEL | 5,500 | 5,500 | 5,500 | 0 | 0 |
| NONFERROUS METALS | 3,100 | 3,100 | 3,400 | 0 | - 300 |
| FABRICATED METALS | 11,500 | 11,500 | 10,400 | 0 | 1,100 |
| FABRICATED STRUCTURAL METALS | 6,000 | 5,900 | 4,800 | 100 | 1,200 |
| OTHER FABRICATED METALS | 5,500 | 5,600 | 5,600 | - 100 | - 100 |
| MACHINERY | 15,000 | 15,100 | 15,900 | - 100 | - 900 |
| ELECTRICAL EQUIPMENT & SUPPLIES | 12,900 | 13,500 | 14,400 | - 600 | - 1,500 |
| TRANSPORTATION EQUIPMENT | 10,600 | 10,400 | 8,800 | 200 | 1,800 |
| INSTRUMENTS & RELATED PRODUCTS | 14,000 | 14,100 | 14,800 | - 100 | - 800 |
| MISCELLANEOUS MANUFACTURING | 2,500 | 2,500 | 2,500 | 0 | 0 |
| NONDURABLE GOODS | 50,400 | 50,100 | 50,800 | 300 | - 400 |
| FOOD & KINDRED PRODUCTS | 19,700 | 19,800 | 20,500 | - 100 | - 800 |
| CANNING & PRESERVING | 9,700 | 9,800 | 10,300 | - 100 | - 600 |
| OTHER FOOD PRODUCTS | 10,000 | 10,000 | 10,200 | 0 | - 200 |
| TEXTILE MILL PRODUCTS | 1,600 | 1,600 | 1,700 | 0 | - 100 |
| APPAREL | 2,400 | 2,300 | 2,600 | 100 | - 200 |
| PAPER & ALLIED PRODUCTS | 9,100 | 9,100 | 8,800 | 0 | 300 |
| PRINTING & PUBLISHING | 11,600 | 11,400 | 11,300 | 200 | 300 |
| CHEMICALS & ALLIED PRODUCTS | 1,900 | 1,900 | 2,100 | 0 | - 200 |
| PETROLEUM REFINING | 300 | 300 | 400 | 0 | - 100 |
| RUBBER & PLASTIC PRODUCTS | 3,200 | 3,100 | 3,000 | 100 | 200 |
| LEATHER PRODUCTS | 600 | 600 | 400 | 0 | 200 |

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

| INDUSTRY | MAR. 1986 | FEB. 1986 | MAR. 1985 | CHANGE FROM FEB. 1986 | CHANGE FROM MAR. 1985 |
|---|---|---|---|---|---|
| (CONT.) | | | | | |
| TOTAL NONMANUFACTURING | 835,800 | 831,400 | 815,400 | 4,400 | 20,400 |
| MINING & QUARRYING | 1,500 | 1,500 | 1,400 | 0 | 100 |
| CONSTRUCTION | 27,800 | 27,500 | 28,700 | 300 | - 900 |
| TRANSPORTATION, COMMUNICATIONS, & UTILITIES | 57,900 | 58,000 | 56,700 | - 100 | 1,200 |
| TRANSPORTATION | 36,400 | 36,400 | 35,000 | 0 | 1,400 |
| RAILROAD | 4,700 | 4,700 | 5,200 | 0 | - 500 |
| TRUCKING & WAREHOUSING | 20,300 | 20,200 | 19,000 | 100 | 1,300 |
| OTHER TRANSPORTATION | 11,400 | 11,500 | 10,800 | - 100 | 600 |
| COMMUNICATIONS | 13,000 | 13,100 | 13,200 | - 100 | - 200 |
| UTILITIES | 8,500 | 8,500 | 8,500 | 0 | 0 |
| TRADE | 256,600 | 255,400 | 251,000 | 1,200 | 5,600 |
| WHOLESALE TRADE | 67,200 | 66,900 | 65,000 | 300 | 2,200 |
| DURABLE GOODS | 39,000 | 39,000 | 38,100 | 0 | 900 |
| NONDURABLE GOODS | 28,200 | 27,900 | 26,900 | 300 | 1,300 |
| RETAIL TRADE | 189,400 | 188,500 | 186,000 | 900 | 3,400 |
| GENERAL MERCHANDISE | 24,600 | 25,300 | 24,200 | - 700 | 400 |
| FOOD STORES | 29,900 | 29,700 | 28,800 | 200 | 1,100 |
| AUTO DEALERS & SERVICE STATIONS | 23,500 | 23,600 | 23,800 | - 100 | - 300 |
| OTHER RETAIL TRADE | 111,400 | 109,900 | 109,200 | 1,500 | 2,200 |
| FINANCE, INSURANCE, & REAL ESTATE | 66,700 | 66,400 | 65,000 | 300 | 1,700 |
| BANKING & CREDIT AGENCIES | 23,500 | 23,500 | 23,300 | 0 | 200 |
| OTHER FINANCE, INSURANCE, & REAL ESTATE | 43,200 | 42,900 | 41,700 | 300 | 1,500 |
| SERVICES | 219,600 | 218,000 | 211,300 | 1,600 | 8,300 |
| HOTELS & PERSONAL SERVICES | 24,000 | 23,300 | 24,600 | 700 | - 600 |
| HEALTH SERVICES | 71,500 | 71,400 | 68,100 | 100 | 3,400 |
| OTHER SERVICES | 124,100 | 123,300 | 118,600 | 800 | 5,500 |
| GOVERNMENT | 205,700 | 204,600 | 201,300 | 1,100 | 4,400 |
| FEDERAL GOVERNMENT | 28,200 | 28,100 | 28,000 | 100 | 200 |
| STATE GOVERNMENT | 55,700 | 55,400 | 54,900 | 300 | 800 |
| EDUCATION | 24,500 | 24,400 | 23,800 | 100 | 700 |
| OTHER STATE | 31,200 | 31,000 | 31,100 | 200 | 100 |
| LOCAL GOVERNMENT | 121,800 | 121,100 | 118,400 | 700 | 3,400 |
| EDUCATION | 78,900 | 78,700 | 77,300 | 200 | 1,600 |
| OTHER LOCAL | 42,900 | 42,400 | 41,100 | 500 | 1,800 |
| LABOR-MANAGEMENT DISPUTES | 0 | 0 | -600 | 0 | - 600 |

1/ PRELIMINARY

2/ REVISED

3/ INCLUDES FULL AND PART-TIME NONFARM WAGE AND SALARY WORKERS IN PAY PERIODS INCLUDING THE 12TH OF THE MONTH. PROPRIETORS, SELF-EMPLOYED, PRIVATE HOUSEHOLD WORKERS AND ARMED FORCES EXCLUDED. NOTE: ESTIMATED IN COOPERATION WITH THE U.S. BUREAU OF LABOR STATISTICS AND EMPLOYMENT AND TRAINING ADMINISTRATION. ALL DATA ARE BASED ON THE 1972 STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODES AS AMENDED BY THE 1977 SUPPLEMENT.

4/ TOTAL NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT, SEASONALLY ADJUSTED, AND INDEXED TO 1977. DATA ON THE EARLIER INDEX (1972 = 100) CAN BE CONVERTED TO THE 1977 BASE PERIOD BY MULTIPLYING BY A FACTOR OF .8264, THE RATIO BETWEEN 1972'S ANNUAL AVERAGE EMPLOYMENT (774,300) AND THAT OF 1977 (936,900).

5/ THE DIFFUSION INDEX IS THE PERCENTAGE OF A SELECTED GROUP OF 43 INDUSTRIES SHOWING AN INCREASE IN SEASONALLY ADJUSTED EMPLOYMENT. HALF OF THOSE INDUSTRIES SHOWING NO SIGNIFICANT CHANGE (LESS THAN 1/2 OF 1%) ARE COUNTED AS INCREASING.

months of improvement, Oregon's economic indicators have slumped, reflecting at least a temporary halt to the fragile recovery.

First on the list of slumping indicators is the seasonally adjusted unemployment rate which rose 0.4% in March to 9.1%. While this is 1.3% lower than March 1985, it still represents the third consecutive rise in the jobless rate.

Oregon's two employment-related indicators also showed weakness. The nonfarm wage and salary employment index fell to 111.4 in March from 111.7 a month ago. This is the second monthly loss for this indicator. The state's diffusion index, which indicates the percentage of industries that are expanding, dropped almost four points to 48.4.

An overall look at Oregon's job trends leads us to a couple of conclusions. First, most sectors of the economy are doing better now than they were in March 1985. Second, unlike recent months, most of the major industries did not do nearly as well this March as was seasonally expected.

When we break March's overall job trend into its industrial components, we see a lack of consistent signals. Total manufacturing employment was up 300 in March, 400 more than this time last year, but 900 less than expected. These disappointing totals, however, hide some very good news. Lumber and wood products, responding to higher lumber and plywood prices, added 500 workers in March, 800 more than seasonally expected. In fact, two mills in the Linn-Benton area have reopened, and the Port of Coos Bay has approved bonds for the construction of a new Red Cedar sawmill which will provide about 60 jobs in that area upon completion in 1987.

Lower interest rates are the tinder which has sparked this unseasonal growth. However, because of technological changes in Oregon's timber industry and strong competition with Canadian and Southern U.S. producers, the total number of workers needed in the state's lumber, plywood, veneer, and particle board mills may increase slightly but will remain well below the 1979 peak.

Logging and sawmills increased by 600 from last month, and plywood and veneer by 100. Millwork and structural wood and other wood products each lost 100. Mobile home manufacturing remained unchanged.

Other durable goods manufacturing unfortunately, did not fare as well as lumber and wood. Job losses totalled 500, instead of the 1,200 seasonal increase expected.

The manufacturing industry with the largest job loss in March was electrical equipment and supplies (-600). This sector, which includes most of Oregon's "high-tech" manufacturing firms, employed a high of 14,700 in late 1984. By March 1986, employment had slipped to 12,900.

Nondurable goods manufacturing added 300 workers in March, 400 less than in March 1985. Food and kindred products employment declined by 100 in March, and was 800 less than March last year. Other nondurable goods manufacturing, however, gained 400, which is 200 over seasonal expectations. One half of this gain was in the printing and publishing industry, while apparel and rubber & plastic products each added 100 workers.

Oregon's nonmanufacturing sector, as a whole, showed employment gains both over the month (4,400) and over the year (20,400). The March increase, however, was 2,700 less than seasonally expected. Construction added 300 new jobs in March, but this was 700 below normal and 900 less than March 1985. This weakness is hard to accept in the face of falling interest rates and rising lumber prices and orders. However, actual construction activity typically lags behind declining interest rates and rising lumber sales. There is pent-up demand for residential housing in Oregon, but the large supply of existing homes for sale puts a damper on new home construction activity.

Transportation, communications, and utilities employment dipped slightly in March, but was 1,200 higher than a year ago. Most of this gain came in trucking.

Oregon's trade and service sectors are further cases of how economic signals can appear to be so mixed up. After months of growth, these industries are now lagging behind their seasonal patterns. Although this is the first period of seasonally adjusted employment losses in many months, the important thing to remember is that since 1982, these two industries have provided about two thirds of the total employment growth. In just the past year, trade and services accounted for about 14,000 of the 20,800 new payroll jobs, while manufacturing only added 400 jobs.

Traditional economic theory argues that the nonmanufacturing sector of any economy is built around a natural resource and manufacturing base, and that trade, finance, services, and government sectors cannot continue to grow when manufacturing does not. If this belief is true, then there are limits to how many nonmanufacturing jobs can continue to be created in Oregon, given the weak condition of our basic natural resource and manufacturing industries.

The trade sector saw an increase of 1,200 jobs in March, but an increase of 2,500 was expected. The additional jobs, however, put trade employment 5,600 above a year ago. Only eating and drinking places posted significant gains, accounting for 1,400 new jobs. General merchandise stores lost 700, and auto dealers and service stations fell by 100. The remaining trade industries made small improvements, of all of which fell short of their seasonal standards.

Service industries, which had boasted seasonally adjusted employment increases for the last 14 months in a row, added just 1,600 new jobs in March instead of the 2,200 expected. March, with its improving weather and spring vacation week, brought an employment increase of about 600 workers at the state's hotels, motels, and resorts. Business services added another 700.

Government grew by 1,100, which is about normal for March. The breakdown of these new hires was 700 in local government, 300 at the state level and 100 in federal employment.

To conclude, then, what we see in March 1986 is not a lack of direction nor a major turnaround. Rather, it is a weakening of the recent growth trend in Oregon. Whether this slower pattern will be temporary or of longer duration is still uncertain, particularly in view of the problems still facing the state's basic natural resource and manufacturing industries. Although improvement in the nation's leading economic indicators has not yet fully impacted Oregon, we are hopeful that March's strong but mixed signals will soon give way to better times ahead.□

## DASIE AND EXPORT - RELATED INDUSTRIES

*Duane Ackerson*

DASIE, the acronym for the Data Analysis System for Industry Employment, is a computer software package with a variety of economic development applications. Though the package was intended to be used in conjunction with the Occupational Employment Statistics (OES) program, DASIE has the potential for effective use in economic base analysis.

The DASIE package contains programs that may be used to update information on employment on an annual basis by area (U.S., Oregon, district, and county) and industry. This data may also be aggregated by industry groups at the various geographic levels. DASIE provides area, industry, and shift share analyses. Industry data is displayed at the two or three digit Standard Industrial Classification (SIC) level and at the summary level.

The source of U.S. employment is primarily CES (Current Employment Statistics) data. Recent annual average employment data is from the Employment, Hours, and Earnings Supplement and Employment and Wages published by the Bureau of Labor Statistics. Oregon statewide and substate level data are derived from employer unemployment insurance tax records.

Once employment is updated, the analyst may specify a base year (for example, 1984), and then project employment eight years from the base year, specifying industry or shift share analysis as the particular approach. The area analysis is used primarily to display past employment change rather than produce projections; if the year requested is 1983, the area analysis shows the employment change 1979-83, as well as 1983 location quotients for each industry.

In addition to projections of future employment levels, the DASIE industry analysis also produces, for each specified industry, whether at summary (i.e., Durable Goods Manufacturing), two digit (for example, 24 for Lumber and Wood Products), or three digit (such as 242 for Sawmills and Planing Mills) level, a table that displays employment by year for that industry or industry group, as well as various comparisons, including location quotients by year for each industry. The location quotient is an economic base analysis tool that is derived by first computing an area's ratio of employment in a specific industry to employment in all industries in that area. This result is then divided by a second ratio, that of national employment in the same industry divided by national employment in all industries. It is possible, using this tool, to determine if an area has more, less than, or an equivalent share of national employment in a given industry. An LQ of 1.00 represents an equivalent share, and numbers above and below this base line represent excess or less than national shares of employment respectively.

Let's look at five two digit SIC's: Food & Kindred Products (SIC 20), Food Stores (SIC 54), Paper & Allied Products (SIC 26), Primary Metal Industries (SIC 33), and Fabricated Metal Products (SIC 34). Of these, Food & Kindred Products (LQ=1.42) and Paper & Allied Products (1.26) are export, or basic industries. Here, employment is more than that required to produce goods for Oregon use and the excess is exported. Food Stores (LQ .99) and Primary Metals(1.00)are more or less in equilibrium, and Fabricated Metal Products (LQ .68) is an import industry, producing less on a statewide level than is needed to meet demand; therefore, additional metal products are imported. The same definitions apply to service industries.

The following table displays the top 10 three digit industry groups in Oregon in 1984 ranked by location quotient and also ranked in terms of export, or excess, employment.

1984 Top 10 SIC's (Ranked by LQ with Export Emp. Ranking)

| SIC | Industry Title | LQ | Export Emp. | Rank |
|---|---|---|---|---|
| 241 | Logging Camps & Logging Contractors | 14.13 | 11,934 | 3 |
| 243 | Millwork, Plywood & Struct. Members | 11.00 | 23,290 | 1 |
| 242 | Sawmills & Planing Mills | 10.71 | 20,546 | 2 |
| 333 | Primary Nonferrous Metals | 5.46 | 2,407 | 13 |
| 203 | Preserved Fruits and Vegetables | 5.07 | 9,946 | 5 |
| 382 | Measuring & Controlling Instruments | 4.56 | 9,276 | 6 |
| 249 | Miscellaneous Wood Products | 4.13 | 2,568 | 12 |
| 704 | Organization Hotels & Lodging Houses | 3.45 | 175 | 71 |
| 263 | Paperboard Mills | 3.19 | 1,331 | 23 |
| 653 | Real Estate Agents(incl. Non-Covered) | 2.93 | 8,418 | 7 |

The next table displays industries with employment over 100 that rank in the bottom 10 statewide.

1984 Bottom 10 SIC's (Ranked by LQ)

| SIC | Industry Title | LQ | Employment |
|---|---|---|---|
| 138 | Oil and Gas Field Services | .04 | 179 |
| 364 | Electric Lighting and Wiring Equipment | .08 | 166 |
| 282 | Plastics Materials and Synthetics | .08 | 177 |
| 314 | Footwear, Except Rubber | .10 | 314 |
| 346 | Metal Stampings | .10 | 261 |
| 283 | Drugs | .10 | 223 |
| 284 | Soap, Cleaners, and Toilet Goods | .13 | 210 |
| 273 | Books | .14 | 158 |
| 335 | Nonferrous Rolling and Drawing | .15 | 317 |
| 329 | Misc. Nonmetallic Mineral Prod. | .15 | 188 |

Location quotients may be produced at the substate (district or county) as well as the statewide level. For example, SIC 24, Lumber and Wood Products, had an Oregon LQ in 1984 of 9.02, while District 4 (Linn-Benton) shows an LQ for this industry of 16.97, an LQ very comparable to the 17.17 in District 5 (Lane County). These LQ's are approximately ten times those for SIC 24 in the Portland metropolitan area. However, 1.74 in itself could be a misleading measure if you were to just look at Lumber and Wood Products at the Portland metro level. The LQ for Multnomah County, the most heavily urbanized portion of the district, is 1.03. This suggests that any excess employment is largely in the other two counties, and that we shouldn't expect to see many sawmills springing up soon on Broadway or Burnside. The following table shows these comparisons. State (or area) supported employment is calculated by dividing total employment in an SIC by its LQ; subtracting this supported portion from total SIC employment produces export employment, the amount that may be regarded as surplus for a state or area.

Lumber and Wood Products 1984:
Some Comparative Measures

| Area | LQ | Emp. | Area Supported Employment | Export Emp. | Export as % of State Ind. Emp. |
|---|---|---|---|---|---|
| Oregon | 9.02 | 66,575 | 7,380 | 59,195 | 88.9 |
| Districts: | | | | | |
| 1(N.Coast) | 12.74 | 3,302 | 265 | 3,037 | 4.6 |
| 2(Clack/Mult/Wash) | 1.74 | 6,266 | 3,601 | 2,665 | 4.0 |
| 3(Mar/Polk/Yam) | 6.21 | 4,736 | 763 | 3,973 | 6.0 |
| 4(Linn/Benton) | 16.97 | 6,451 | 380 | 6,071 | 9.1 |
| 5(Lane) | 17.17 | 11,805 | 688 | 11,117 | 16.7 |
| 6(Douglas) | 36.46 | 8,134 | 223 | 7,911 | 11.9 |
| 7(Coos/Curry) | 26.14 | 4,387 | 168 | 4,219 | 6.3 |
| 8(Jack/Jos) | 17.21 | 7,412 | 431 | 6,981 | 10.5 |
| 9(HR/Sher/Was) | 9.05 | 976 | 108 | 868 | 1.3 |
| 10(Crook/Des/Jeff) | 24.11 | 5,212 | 216 | 4,996 | 7.5 |
| 11(Klam/Lake) | 27.50 | 4,146 | 151 | 3,995 | 6.0 |
| 12(NE Ore) | 5.33 | 1,009 | 189 | 820 | 1.2 |
| 13(Bak/Union/Wa) | 20.90 | 2,096 | 100 | 1,996 | 3.0 |
| 14(Harn/Malheur) | 5.70 | 495 | 87 | 408 | .6 |
| Multnomah | 1.03 | 2,445 | 2,374 | 70 | .1 |

The above table also includes one county in order to compare industry activity in District 2 with that in Multnomah. This inclusion also indicates that LQ's only tell part of the story. By looking at employment and then calculating excess employment, we can arrive at a better picture of how employment is distributed than from looking at LQ's alone. For example, the .71 difference in LQ between District 2 and Multnomah translates into 2595 in surplus employment in the balance of District 2 in Lumber and Wood Products, contrasted with a surplus of a mere 70 in Multnomah.

Since LQ's are calculated using national employment ratios in the denominator, they won't show how an industry in a particular area fares when compared with the state as a whole. Union County, with an impressive LQ of 23.45 in SIC 24, has only two percent of the total state employment in lumber and wood products. Still, with that industry providing 1,316 jobs, or 17.6 percent of total county employment, it is critical to the economy of Union County. Now to look at a "low" LQ: in Lane County, the 1984 LQ for the construction industry is .66. This might seem rather dismal, and evoke images of families in the streets pleading for future homes to be built, or construction workers streaming out of town in search of work elsewhere in the Willamette Valley. However, looking beyond to the state, we notice that the Oregon LQ for construction is .65. Substituting a statewide, rather than national ratio, we can see that Lane is providing a bit more than the state norm to employment in construction. This method can be used to produce state-weighted LQ's.

In summary, DASIE provides employment projections and other comparative measures besides the location quotient. However, the LQ can be of particular value in identifying and assessing export-oriented industries either at a state or local level.□

## EMPLOYERS CORNER — UNEMPLOYMENT INSURANCE TAX TIPS

*Dorothy Monnier*

The subject this month is "Excess Wages". What are excess wages, how are they reported, and why?

Each year all employers are notified on their Tax Rate Notice of their Unemployment Insurance tax rate for the calendar year and what the Taxable Wage Base will be for the year. For 1986, the Taxable Wage Base is $14,000. This means that once an individual employe is paid $14,000.00, the remainder of his/her wages are no longer subject to Oregon unemployment insurance contributions. In other words, the employer is no longer required to pay the UI tax on that individual's wages.

On the 1986 EMPLOYER'S TAX REPORTS, Item 3 is the location where this information on wages in excess of $14,000 is reported.

Many employers maintain a Year-To-Date (YTD) payroll ledger which has a "flag" to tell them just when each employe reaches the taxable wage limit. The indicator insures that they only pay the UI tax on those employes that have not reached the taxable limit.

When employers prepare their annual FUTA tax report (Form 940) for the IRS, they frequently find they have over-reported wages on their Oregon unemployment insurance quarterly tax report. If they have not claimed the excess wages, they have paid more taxes than due. Overpayment of tax can be returned to employers if discovered soon enough, but this costs both the employer and the agency. The Year-To-Date computation will help avoid this.

If an employer pays UI tax only on the first $14,000 paid to each employe, then why must total wages be reported also?

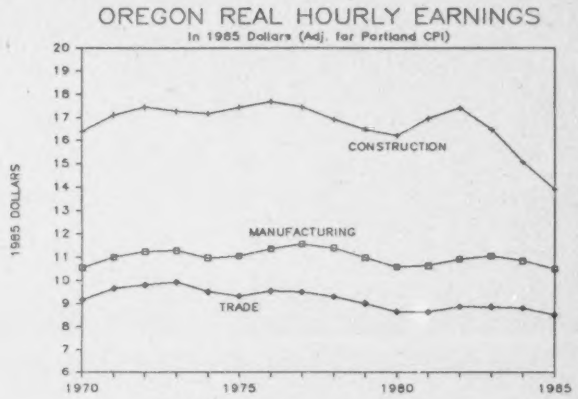
The main reason for reporting total wages is for use in future benefit claims. Unemployment benefits in Oregon are based on total wages received by the individual, not just taxable wages. The total wage figure is also used to check the accuracy of report processing.□

## HOURS & EARNINGS

*Art Ayre*

The 1985 annual averages have now been computed for hourly earnings, weekly earnings, and hours worked per week for Oregon's manufacturing industries and selected nonmanufacturing industries. When adjusted downward for the rise in Portland's Consumer Price Index (CPI), the hourly earnings of only two industries - paper and allied products and mobile home manufacturing - show a net increase over 1984 levels. All other industries show a net decline in CPI-adjusted hourly earnings. Indeed, a few industries suffered a decline in actual (current dollar) hourly earnings. For example, construction workers' actual hourly earnings dropped from $14.53 in 1984 to $13.89 in 1985.

The CPI-adjusted hourly earnings in the depressed construction industry have fallen even more dramatically since 1982. While modest increases in the CPI are partly responsible for this decline, actual hourly earnings have also dropped from a yearly average of $16.00 in 1982 to $13.89 in 1985. Actual hourly earnings in the trade industry and in the manufacturing sector have increased over the past several years, but at a slower rate than the rise of the CPI. This results in a decline in the CPI-adjusted hourly earnings of these industries. In 1985, actual hourly earnings in trade and manufacturing were $8.51 and $10.49 respectively.




AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

| | Average Weekly Earnings | | | Average Weekly Hours | | | Average Hourly Earnings | | |
|---|---|---|---|---|---|---|---|---|---|
| | Feb. 2/ 1986 | Jan. 3/ 1986 | Feb. 1985 | Feb. 2/ 1986 | Jan. 3/ 1986 | Feb. 1985 | Feb. 2/ 1986 | Jan. 3/ 1986 | Feb. 1985 |
| TOTAL MANUFACTURING 4/ | $414.18 | $418.76 | $403.30 | 38.6 | 39.1 | 38.3 | $10.73 | $10.71 | $10.53 |
| Durable Goods | 422.37 | 427.85 | 410.22 | 39.0 | 39.8 | 38.7 | 10.83 | 10.75 | 10.60 |
| Lumber & Wood Products | 446.08 | 435.60 | 431.46 | 39.9 | 39.6 | 38.8 | 11.18 | 11.00 | 11.12 |
| Logging & Sawmills | 472.78 | 460.99 | 456.61 | 39.3 | 39.1 | 38.5 | 12.03 | 11.79 | 11.86 |
| Veneer & Plywood | 458.64 | 447.86 | 452.28 | 42.0 | 41.7 | 40.6 | 10.92 | 10.74 | 11.14 |
| Millwork & Struct Wood | 350.75 | 353.70 | 325.74 | 38.8 | 39.3 | 37.1 | 9.04 | 9.00 | 8.78 |
| Mobile Homes | 272.06 | 287.57 | 250.29 | 32.7 | 33.4 | 30.9 | 8.32 | 8.61 | 8.10 |
| Other Wood Products | 446.35 | 425.88 | 425.46 | 40.8 | 39.0 | 40.1 | 10.94 | 10.92 | 10.61 |
| Furniture & Fixtures | 315.08 | 312.42 | 271.36 | 43.7 | 39.2 | 35.8 | 7.21 | 7.97 | 7.58 |
| Primary Metals | 486.98 | 475.07 | 491.84 | 41.2 | 40.5 | 42.4 | 11.82 | 11.73 | 11.60 |
| Fabricated Metals | 394.26 | 389.13 | 376.35 | 37.3 | 38.3 | 38.6 | 10.57 | 10.16 | 9.75 |
| Machinery | 424.34 | 407.74 | 422.80 | 39.4 | 38.0 | 40.0 | 10.77 | 10.73 | 10.57 |
| Nondurable Goods | 388.29 | 391.09 | 380.73 | 37.3 | 37.0 | 37.0 | 10.41 | 10.57 | 10.29 |
| Food & Kindred Products | 329.44 | 325.83 | 325.38 | 35.5 | 34.7 | 35.1 | 9.28 | 9.39 | 9.27 |
| Canning & Preserving | 258.30 | 245.23 | 263.25 | 33.2 | 31.2 | 32.5 | 7.78 | 7.86 | 8.10 |
| Other Food Products | 421.96 | 416.03 | 415.84 | 38.5 | 38.7 | 38.9 | 10.96 | 10.75 | 10.69 |
| Textile Mill Products | 239.32 | 241.49 | 232.56 | 38.6 | 38.7 | 38.0 | 6.20 | 6.24 | 6.12 |
| Apparel | 220.02 | 221.56 | 215.63 | 38.0 | 38.6 | 38.3 | 5.79 | 5.74 | 5.63 |
| Paper & Allied Products | 595.54 | 604.58 | 574.90 | 41.1 | 41.1 | 41.3 | 14.49 | 14.71 | 13.92 |
| Printing & Publishing | 402.96 | 390.82 | 400.20 | 36.8 | 35.4 | 35.7 | 10.95 | 11.04 | 11.21 |
| Construction 4/ | 435.50 | 452.57 | 486.18 | 32.5 | 33.4 | 33.3 | 13.40 | 13.55 | 14.60 |
| Communications & Utilities 5/ | 517.09 | 502.65 | 495.60 | 41.5 | 40.7 | 40.0 | 12.46 | 12.35 | 12.39 |
| Trade 5/ | 284.75 | 278.72 | 282.81 | 33.5 | 33.5 | 33.0 | 8.50 | 8.32 | 8.57 |
| Wholesale Trade | 382.79 | 377.10 | 383.35 | 37.2 | 37.3 | 37.4 | 10.29 | 10.11 | 10.25 |
| Retail Trade | 236.48 | 231.09 | 233.46 | 31.7 | 31.7 | 30.8 | 7.46 | 7.29 | 7.58 |
| Banking & Insurance | 302.88 | 294.86 | 281.47 | | | | | | |
| State & Local Government | 339.97 | 339.86 | 326.37 | | | | | | |

1/ Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

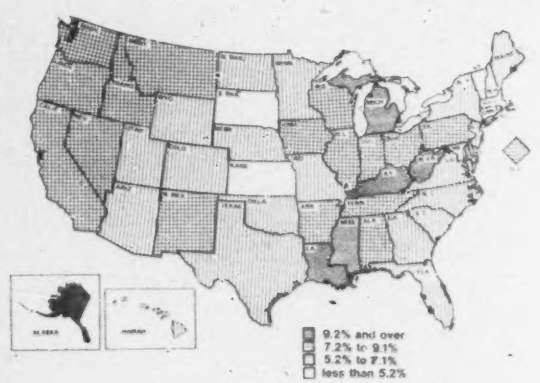
4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employes only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

The graph shows the CPI-adjusted (real) hourly earnings since 1970 in the manufacturing sector and in the construction and trade industries. Periods of increasing inflation rates (1972-1974, 1977-1979, and 1984) are historically associated with declining real wages. Similarly, periods of decreasing inflation rates (1975-1976 and 1980-1983) have usually allowed real wages to edge back up again.

In 1985, the rate of inflation was 3.8%, unchanged from 1984, as measured by the yearly change in Portland's CPI-U. However, real wages continued to decline in 1985. As lower oil prices, highly competitive markets, and above-average unemployment keep inflation at bay, real wages may rise modestly in 1986, or at least show smaller declines than in 1985.□

**Unemployment Rates by State, 1985 Annual Average**




## STATE UNEMPLOYMENT RATES

| | 1985 Rank | 1985 | 1984 | Change |
|---|---|---|---|---|
| United States | | 7.3 | 7.6 | -0.3 |
| West Virginia | 1 | 13.0 | 15.0 | -2.0 |
| Louisiana | 2 | 11.5 | 10.0 | 1.5 |
| Mississippi | 3 | 10.3 | 10.8 | -0.5 |
| Michigan | 4 | 9.9 | 11.2 | -1.3 |
| Alaska | 5 | 9.7 | 10.0 | -0.3 |
| Kentucky | 6 | 9.5 | 9.3 | 0.2 |
| Illinois | 7 | 9.0 | 9.1 | -0.1 |
| Alabama | 8 | 8.9 | 11.1 | -2.2 |
| Ohio | 8 | 8.9 | 9.4 | -0.5 |
| New Mexico | 9 | 8.8 | 7.5 | 1.3 |
| Oregon | 9 | 8.8 | 9.4 | -0.6 |
| Arkansas | 10 | 8.7 | 8.9 | -0.2 |
| Washington | 11 | 8.1 | 9.5 | -1.4 |
| Nevada | 12 | 8.0 | 7.8 | 0.2 |
| Iowa | 12 | 8.0 | 7.0 | 1.0 |
| Pennsylvania | 12 | 8.0 | 9.1 | -1.1 |
| Tennessee | 12 | 8.0 | 8.6 | -0.6 |
| Idaho | 13 | 7.9 | 7.2 | 0.7 |
| Indiana | 13 | 7.9 | 8.6 | -0.7 |
| Montana | 14 | 7.7 | 7.4 | 0.3 |
| California | 15 | 7.2 | 7.8 | -0.6 |
| Wisconsin | 15 | 7.2 | 7.3 | -0.1 |
| Oklahoma | 16 | 7.1 | 7.0 | 0.1 |
| Wyoming | 16 | 7.1 | 6.3 | 0.8 |
| Texas | 17 | 7.0 | 5.9 | 1.1 |
| South Carolina | 18 | 6.8 | 7.1 | -0.3 |
| Arizona | 19 | 6.5 | 5.0 | 1.5 |
| Georgia | 19 | 6.5 | 6.0 | 0.5 |
| New York | 19 | 6.5 | 7.2 | -0.7 |
| Missouri | 20 | 6.4 | 7.2 | -0.8 |
| Florida | 21 | 6.0 | 6.3 | -0.3 |
| Minnesota | 21 | 6.0 | 6.3 | -0.3 |
| North Dakota | 22 | 5.9 | 5.1 | 0.8 |
| Colorado | 22 | 5.9 | 5.6 | 0.3 |
| Utah | 22 | 5.9 | 6.5 | -0.6 |
| New Jersey | 23 | 5.7 | 6.2 | -0.5 |
| Hawaii | 24 | 5.6 | 5.6 | 0.0 |
| Virginia | 24 | 5.6 | 5.0 | 0.6 |
| Nebraska | 25 | 5.5 | 4.4 | 1.1 |
| Maine | 26 | 5.4 | 6.1 | -0.7 |
| North Carolina | 26 | 5.4 | 6.7 | -1.3 |
| Delaware | 27 | 5.3 | 6.2 | -0.9 |
| South Dakota | 28 | 5.1 | 4.3 | 0.8 |
| Kansas | 29 | 5.0 | 5.2 | -0.2 |
| Rhode Island | 30 | 4.9 | 5.3 | -0.4 |
| Connecticut | 30 | 4.9 | 4.6 | 0.3 |
| Vermont | 31 | 4.8 | 5.2 | -0.4 |
| Maryland | 32 | 4.6 | 5.4 | -0.8 |
| Massachusetts | 33 | 3.9 | 4.8 | -0.9 |
| New Hampshire | 33 | 3.9 | 4.3 | -0.4 |

## OREGON LABOR TRENDS

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Send comments, questions, and address changes ATTN: Jeff Hannum, R&S-LMI or Phone (503) 378-8657 or toll free 1-800-237-3710 ext. 8-8657.

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STATE OF OREGON
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